Ramsey Industries, Inc.

Notes to consolidated financial statements - continued

December 31, 2007

(dollars in thousands, except per share amounts)

The Company used December 31, 2007 as the measurement date for the plans. Significant balances, costs and assumptions are:

	Ramsey Winch	Auto Crane
Benefit obligation	$ (10,723)	$ (4,276)
Fair value of plan assets	10,550	4,137
Funded status	$ (173)	$ (139)

	Ramsey Winch	Auto Crane
Amounts recognized in the balance sheets:		
Accrued benefit cost in other liabilities	$ (173)	$ (139)
Accumulated other comprehensive income (net of income taxes)	$ (374)	$ (188)
Benefit costs	$ 502	$ 202
Employer contributions	-	-
Benefits paid	402	74

Components of Net Periodic Benefit Cost

	Ramsey Winch	Auto Crane
Interest cost	$ 502	$ 202
Expected return on plan assets	(614)	(240)
Net periodic pension income	$ (112)	$ (38)

	Ramsey Winch	Auto Crane
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	6.50%	6.50%
Rate of compensation increase	0.00%	0.00%
Weighted-average assumptions used to determine benefit cost:		
Discount rate	6.25%	6.25%
Expected return on plan assets	8.35%	8.35%
Rate of compensation increase	0.00%	0.00%

The Company has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

Ramsey Industries, Inc.

Notes to consolidated financial statements - continued

December 31, 2007

(dollars in thousands, except per share amounts)

The following approximate pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of December 31:

	Ramsey Winch	Auto Crane
2008	$ 624	$ 154
2009	628	162
2010	673	185
2011	679	199
2012	712	212
2013 - 2017	3,813	1,259

Plan assets are held by a bank-administered trust fund, which invests the plan assets in accordance with the provisions of the plan agreement. The plan invests primarily in common stocks and U.S. government securities.

Asset allocation is primarily based on strategy to provide stable earnings while still permitting the pension plan to recognize potentially higher returns through investment in equity securities. The target asset allocation percentages for 2007 are as follows:

	Ramsey Winch	Auto Crane
Cash equivalents	5%	5%
Equity securities	65%	65%
U.S. government debt securities and commercial paper	30%	30%

At December 31, 2007 plan assets by category are as follows:

	Ramsey Winch	Auto Crane
Cash equivalents	6%	1%
Equity securities	68%	69%
U.S. government debt securities and commercial paper	26%	30%
	100%	100%

2. Postretirement Health Care Plan

The Company provides postretirement health care benefits to four retired employees and their spouses. The Company provides health care coverage under the plan which also reimburses these retirees for out-of-pocket expenses. The Company pays amounts to the plan as needed.

Ramsey Industries, Inc.

Notes to consolidated financial statements - continued

December 31, 2007

(dollars in thousands, except per share amounts)

The Company uses a December 31 measurement date for the plan. The change in the benefit obligation is as follows:

APBO, April 5, 2007	$	913
Service cost		-
Interest cost		41
Actuarial gain		(28)
Benefits paid		(35)
APBO, December 31, 2007	$	891

Weighted-average assumptions used to determine benefit obligations:

Discount rate	6.50%
Assumed health care cost trend rates:	
Health care trend rate	11.00%
Rate to which the cost trend is assumed to decline	5.00%
Year that the rate reaches the ultimate trend rate	2014

The following table presents the components of net periodic benefit cost:

Components of net periodic benefit cost:		
Interest cost	$	41
Net periodic postretirement healthcare cost	$	41

Amount recognized in accumulated other comprehensive income consists of a net gain of $28.

The following benefit payments are expected to be paid as of December 31, 2007:

2008	$	59
2009		61
2010		66
2011		70
2012		69
2013 - 2017		303

Ramsey Industries, Inc.

Notes to consolidated financial statements - continued

December 31, 2007

(dollars in thousands, except per share amounts)

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one percentage-point change in assumed health care cost trend rates would have the following effects:

	1-Percentage point increase	1-Percentage point decrease
Effect on interest cost	$ 5	$ (4)
Effect on postretirement benefit obligation	93	(81)

3. Postretirement Benefit Plan

The Management Security Plan (the MSP) provides for monthly payments upon retirement or death for a limited group of key employees. The assumptions used to calculate the MSP obligation include a weighted-average discount rate of 6.25% and the RP 2000 Mortality Table. In 1999, the Plan was closed to new participants and an annuity was purchased to fund the existing liability to retired employees. At December 31, 2007, only one plan participant remains. At December 31, 2007, a total liability of $177 was recorded for the MSP.

E - DEFERRED COMPENSATION PLAN

The Company has a deferred compensation plan with nine former employees. The plan was established in 1981 and in 1999, the Company funded the plan with the purchase of a group annuity contract for $4,671. Each of the former employees will receive monthly payments over a 10-year period, starting at different dates during the plan's 20-year term with the final monthly payments in 2019. At December 31, 2007, a total liability of $1,654 was recorded for the plan.

F - INCENTIVE PLAN

Ramsey Holdings, Inc. (Holdings) has an Incentive Plan (the Plan) to grant key employees or directors of Ramsey Holdings, Inc. or its affiliates and subsidiaries stock based compensation and other incentive awards. The aggregate number of shares of common stock that may be delivered in satisfaction of awards under the Plan shall not exceed 90,150 shares. During the period from inception (April 5, 2007) through December 31, 2007, Holdings granted 49,850 performance based options. The options have market conditions that must be met at the end of five years for the options to vest. The fair value on the grant date was determined using a Monte-Carlo Simulation Model and the weighted average grant-date fair value was $1.26 per share. Additionally, Holdings granted 17,546 service based options. These options generally vest ratably over a five year period and the term is 10 years. The fair value on the grant date was calculated using a Black-Scholes Model. The weighted average grant date fair value was $40.14 per share. Shares of stock will be issued upon exercise of the options.

Ramsey Industries, Inc.

Notes to consolidated financial statements - continued

December 31, 2007

(dollars in thousands, except per share amounts)

A summary of the status of the Plan at December 31, 2007, and changes during the period from inception (April 5, 2007) through December 31, 2007 is presented below:

	Shares	Weighted-Average Exercise Price Per Share
Outstanding, April 5, 2007	-	$ -
Granted	67,396	100
Exercised	-	-
Forfeited	-	-
Outstanding, end of year	67,396	$ 100
Options exercisable, December 31, 2007	-	

Dividend per share	-
Risk-free interest rate	3.96% - 4.59%
Expected life of options	3 - 5 years
Expected volatility	22.96% - 31.85%

The compensation expense recognized on the 67,396 options granted is based on the fair value of the stock options on the grant date and is amortized over the vesting period. The stock-based compensation expense that was recognized for the period from inception (April 5, 2007) through December 31, 2007 was $110 and is included in general and administrative expense in the statement of income.

Expected volatility is a measure of the expected fluctuation in share price. Since the Company is closely held and does not have historical stock prices, volatility was calculated based on the average of the historical stock prices for two of its peers.

At December 31, 2007, unrecognized compensation expense related to stock options was $657, which is expected to be recognized over a weighted average period of approximately 4.1 years.

G - COMMITMENTS AND CONTINGENCIES

Accounting principles generally accepted in the Untied States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

1. General Litigation

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position of the Company.

Ramsey Industries, Inc.

Notes to consolidated financial statements - continued

December 31, 2007

(dollars in thousands, except per share amounts)

2. Self-Insured Workers' Compensation and Health Insurance

The Company retains a significant potion of certain expected losses related to workers' compensation and employee health. Provisions for losses expected under these programs are recorded based upon the Company's estimates of the aggregate liability for claims incurred and claims incurred but not reported. The amount of actual losses incurred could differ materially from the estimates reflected in these financial statements.

3. Letters of Credit

The Company had $200 at December 31, 2007, in outstanding letters of credit as required by the state of Oklahoma for workers' compensation claims.

H - DEFINED CONTRIBUTION PLAN

The Company has a defined 401(k) plan in which substantially all employees are eligible to participate and are permitted to contribute between 1% and 50% of their annual compensation. The Company makes matching contributions on behalf of employees. The expense incurred related to the 401(k) plan for the period ended December 31, 2007 was $302.

I - SUBSEQUENT EVENT

In January 2008, the Company completed the acquisition of a company that is a leading designer, manufacturer and marketer of planetary auger and gear drives and multiple – disc brakes sold to distributors and original equipment manufacturers. The purchase price paid for the acquisition was approximately $19,500. The acquisition was financed from both additional equity investment and borrowings. In connection with the borrowings, certain debt agreements required amendments.

Exhibit B-3

(Unaudited Financial Statements for 2008)

Consolidated Financial Statements and Report of Independent Certified Public Accountants

Ramsey Industries, Inc. and Subsidiaries

December 31, 2008 and 2007

Contents

Report of Independent Certified Public Accountants

Board of Directors
Ramsey Industries, Inc.

We have audited the accompanying consolidated balance sheets of Ramsey Industries, Inc. (an Oklahoma corporation) and subsidiaries (collectively, the Company) as of December 31, 2008 and 2007, and the related consolidated statements of income, stockholders' equity and cash flows for the year ended December 31, 2008 and the period from inception (April 5, 2007) to December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ramsey Industries, Inc. and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows, in conformity with accounting principles generally accepted in the United States of America.

Tulsa, Oklahoma
August 27, 2009

Ramsey Industries, Inc. and Subsidiaries

Consolidated balance sheets

December 31, 2008 and 2007

(dollars in thousands)

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 4,076	$ 4,250
Accounts receivable, net of allowances of $309 and $150	13,126	11,833
Inventories, net		
Finished goods	4,741	2,634
Work-in-process	1,456	549
Raw materials	8,604	6,540
Total inventories	14,801	9,723
Deferred tax asset	2,323	934
Income taxes receivable	652	167
Prepaid expenses and other	469	528
Total current assets	35,447	27,435
PROPERTY AND EQUIPMENT, at cost		
Land	1,065	1,065
Buildings	5,934	5,835
Machinery and equipment	8,879	3,240
	15,878	10,140
Less accumulated depreciation	3,753	1,129
	12,125	9,011
OTHER ASSETS		
Goodwill	47,020	57,622
Customer relationships, net	30,149	30,188
Trademarks	21,680	19,200
Developed technology, net	3,566	4,165
Non-compete agreements, net	1,437	935
Other non-current assets	3,910	4,054
	107,762	116,164
Total assets	$ 155,334	$ 152,610

The accompanying notes are an integral part of these consolidated financial statements.

Ramsey Industries, Inc. and Subsidiaries

Consolidated balance sheets - continued

December 31, 2008 and 2007

(dollars in thousands)

	2008	2007
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 564	$ 852
Accounts payable	8,867	7,463
Accrued expenses	3,839	4,386
Other current liabilities	485	441
Total current liabilities	13,755	13,142
LONG-TERM DEBT	91,249	76,820
OTHER LIABILITIES		
Postretirement benefit obligation	149	177
Deferred compensation	1,219	1,654
Derivative liability	2,789	1,171
Pension plans	5,437	312
Postretirement health care	993	891
Deferred tax liability	17,550	21,074
Total other liabilities	28,137	25,279
COMMITMENTS AND CONTINGENCIES - NOTE G		
STOCKHOLDERS' EQUITY		
Common stock, $1 par value; 3,600,000 shares authorized; 1,532,200 shares issued and outstanding	1,532	1,532
Additional paid-in capital	40,829	34,638
Accumulated (deficit) earnings	(15,640)	1,346
Accumulated other comprehensive loss	(4,528)	(147)
Total stockholders' equity	22,193	37,369
Total liabilities and stockholders' equity	$ 155,334	$ 152,610

The accompanying notes are an integral part of these consolidated financial statements.

Ramsey Industries, Inc. and Subsidiaries

Consolidated statements of income

For the year ended December 31, 2008 and
the period from inception (April 5, 2007) to December 31, 2007

(dollars in thousands)

	2008	2007
NET SALES	$ 98,495	$ 63,893
COST OF GOODS SOLD	71,222	44,728
GROSS PROFIT	27,273	19,165
OPERATING EXPENSES		
Marketing	1,964	1,603
Engineering, research and development	2,212	1,230
General and administrative	16,399	8,486
Loss from goodwill impairment charge	15,359	-
Total operating expenses	35,934	11,319
OPERATING (LOSS) INCOME	(8,661)	7,846
OTHER INCOME (EXPENSE)		
Interest income	66	124
Interest expense	(9,485)	(6,065)
Other, net	12	40
	(9,407)	(5,901)
(LOSS) INCOME BEFORE INCOME TAXES	(18,068)	1,945
INCOME TAX (BENEFIT) EXPENSE	(1,082)	599
NET(LOSS) INCOME	$ (16,986)	$ 1,346

The accompanying notes are an integral part of these consolidated financial statements.

Ramsey Industries, Inc. and Subsidiaries

Consolidated statements of stockholders' equity

For the year ended December 31, 2008 and
the period from inception (April 5, 2007) to December 31, 2007

(dollars in thousands)

	Common Shares	Common Amount	Additional Paid-In Capital	Accumulated (Deficit) Earnings	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE AT APRIL 5, 2007	-	$ -	$ -	$ -	$ -	$ -
Issuance of common stock	1,532,200	1,532	34,528	-	-	36,060
Net income	-	-	-	1,346	-	1,346
Other comprehensive income (loss):						
Unrealized loss on hedge, (net of tax of $445)	-	-	-	-	(726)	(726)
Pension plans, (net of tax of $344)	-	-	-	-	562	562
Postretirement plan, (net of tax of $11)	-	-	-	-	17	17
Total comprehensive income (loss)						1,199
Stock based compensation	-	-	110	-	-	110
BALANCE AT DECEMBER 31, 2007	1,532,200	1,532	34,638	1,346	(147)	37,369
Capital contribution	-	-	6,298	-	-	6,298
Purchase of Holdings stock	-	-	(266)	-	-	(266)
Net loss	-	-	-	(16,986)	-	(16,986)
Other comprehensive income (loss):						
Unrealized loss on hedge, (net of tax of $1,060)	-	-	-	-	(1,003)	(1,003)
Pension plans, (net of tax of $1,691)	-	-	-	-	(3,320)	(3,320)
Postretirement plan, (net of tax of $25)	-	-	-	-	(58)	(58)
Total comprehensive income (loss)						(4,381)
Stock based compensation	-	-	159	-	-	159
BALANCE AT DECEMBER 31, 2008	1,532,200	$ 1,532	$ 40,829	$ (15,640)	$ (4,528)	$ 39,179

The accompanying notes are an integral part of these consolidated financial statements.

Ramsey Industries, Inc. and Subsidiaries

Consolidated statements of cash flows

For the year ended December 31, 2008 and
the period from inception (April 5, 2007) to December 31, 2007

(dollars in thousands)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (16,986)	$ 1,346
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities -		
Depreciation	2,624	1,128
Amortization	4,413	2,912
Paid-in-kind interest	670	344
Stock based compensation	159	110
Amortization of debt issue cost	110	123
Loss from goodwill impairment charge	15,359	-
Deferred tax benefit	(2,302)	(1,235)
Changes in assets and liabilities (net of acquisition) -		
Accounts receivable	723	1,540
Inventories	(1,776)	956
Accounts payable and accrued expenses	89	(3,287)
Other assets and liabilities, net	(936)	1,367
Net cash provided by operating activities	2,147	5,304
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for acquisition	(20,544)	-
Purchase of property and equipment	(1,280)	(843)
Net cash used in investing activities	(21,824)	(843)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on senior term loans	(3,111)	(443)
Payments on revolver	(3,000)	(1,000)
Proceeds from senior term loans	10,000	-
Proceeds from revolver	6,000	1,000
Proceeds from subordinated debt	3,800	-
Proceeds from capital contribution	6,298	-
Purchase of Holdings stock	(266)	-
Other, net	(218)	232
Net cash provided by (used in) financing activities	19,503	(211)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(174)	4,250
CASH AND CASH EQUIVALENTS, beginning of year	4,250	-
CASH AND CASH EQUIVALENTS, end of year	$ 4,076	$ 4,250
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 10,162	$ 4,485
Income taxes paid	$ (263)	$ 1,614

The accompanying notes are an integral part of these consolidated financial statements.

Ramsey Industries, Inc. and Subsidiaries

Notes to consolidated financial statements

For the year ended December 31, 2008
and the period from inception (April 5, 2007) to December 31, 2007

(dollars in thousands)

A - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Operations

Ramsey Industries, Inc. an Oklahoma Corporation, and its wholly owned subsidiaries Ramsey Winch Company (Ramsey Winch), Auto Crane Company (Auto Crane) and Eskridge, Inc. (Eskridge) (collectively, the Company) earn revenues predominately from manufacturing and sales of winches, cranes, planetary gear, multiple-disc brakes and related products. The Company sells products worldwide to agricultural, industrial, construction, commercial and original equipment manufacturers and distributors. The Company extends unsecured credit to its customers based on preapproved credit terms.

2. Acquisition

On January 28, 2008, the Company completed the acquisition of Eskridge, which is a leading designer, manufacturer and marketer of high torque planetary gear, auger drives and multiple – disc brakes sold to distributors and original equipment manufacturers. The purchase price paid for the acquisition was approximately $20,544. The acquisition was financed by borrowings of $13,800, cash of $1,050 and additional capital contributions of $6,298. In connection with the borrowings, certain debt agreements required amendments. See full discussion in Note B. Also, as a result of the transaction, the Company paid $604 of transaction costs, consisting primarily of debt issuance costs.

The allocation of the acquisition cost was as follows:

Current assets	$	5,342
Property, plant and equipment		4,456
Trademarks		2,480
Customer relationships		3,043
Developed technology		419
Non-compete agreements		815
Goodwill		4,757
Current liabilities		(768)
	$	20,544

The Company has allocated the purchase price of the acquisition to assets acquired based on the fair value of assets acquired in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations*. The acquisition cost has been allocated to trademarks, customer relationships, developed technology, and non-compete agreements, based on independent appraisals of fair value. Management believes these appraisals provide reasonable fair values for the intangibles as there has not been a significant change in operations since the appraisals were performed.

Current assets acquired consisted primarily of accounts receivable of approximately $2,016 and inventories of approximately $3,302. Current liabilities acquired consisted of trade accounts payable of $502 and other accrued liabilities of $266. All goodwill resulting from the acquisition is expected to be deductible for tax purposes.

Ramsey Industries, Inc. and Subsidiaries

Notes to consolidated financial statements - continued

For the year ended December 31, 2008
and the period from inception (April 5, 2007) to December 31, 2007

(dollars in thousands)

3. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

4. Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Cash and Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents.

6. Accounts Receivable

Accounts receivable are stated at the amount billed to customers. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are due based on specified terms with the customers. Accounts past due are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Sales to one customer represented approximately 4% and 7% of total revenue for the year ended December 31, 2008 and the period from inception (April 5, 2007) to December 31, 2007, respectively. Trade receivables relating to this customer as of December 31, 2008 and 2007, were 11% and 12% of total trade receivables, respectively.

7. Impairment of Long-Lived Assets

The Company adopted the SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets,* upon formation.

In accordance with SFAS No. 144, long-lived assets, such as property, plant and equipment, and intangibles are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Based on this evaluation, the Company determined the property, plant and equipment and intangibles were not impaired at December 31, 2008.

Ramsey Industries, Inc. and Subsidiaries

Notes to consolidated financial statements - continued

For the year ended December 31, 2008
and the period from inception (April 5, 2007) to December 31, 2007

(dollars in thousands)

8. Intangible Assets

SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS No. 142), provides that goodwill and other intangible assets with indefinite lives shall not be amortized but shall be tested for impairment annually. Identifiable intangible assets with definite lives are amortized over their estimated useful lives. Intangible assets include trademarks, customer relationships, developed technology and non-compete agreements. The trademarks have an indefinite life and are not amortized. The intangible assets with a definite life are amortized on a straight-line basis over the life of the intangible asset and these amounts are recognized in operating costs.

Intangible assets with a definite life consisted of the following at December 31, 2008 and 2007:

December 31, 2008	Cost	Accumulated Amortization	Net
Customer relationships (12 years)	$ 35,243	$ (5,094)	$ 30,149
Developed technology (5 - 10 years)	5,319	(1,753)	3,566
Non-compete agreements (5 years)	1,915	(478)	1,437
			$ 35,152

December 31, 2007	Cost	Accumulated Amortization	Net
Customer relationships (12 years)	$ 32,200	$ (2,012)	$ 30,188
Developed technology (5 years)	4,900	(735)	4,165
Non-compete agreements (5 years)	1,100	(165)	935
			$ 35,288

Amortization expense was $4,413 and $2,912 for the year ended December 31, 2008 and for the period from inception (April 5, 2007) through December 31, 2007, respectively. Amortization expense is estimated to be approximately $4,462 per year through 2011, $3,562 in 2012 and $3,262 in 2013.

9. Goodwill

Goodwill is tested annually for impairment in accordance with SFAS No. 142. In addition to the annual test performed on December 31 of each year, goodwill is monitored for changes in events or circumstances that indicate that impairment might exist in interim periods. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the financial statements. The annual assessment of impairment was completed on December 31, 2008 and the Company determined there was impairment as of that date.

Ramsey Industries, Inc. and Subsidiaries

Notes to consolidated financial statements - continued

For the year ended December 31, 2008
and the period from inception (April 5, 2007) to December 31, 2007

(dollars in thousands)

The carrying value of the Company exceeded the fair value, which resulted in an impairment charge of $15,359 for the year ended December 31, 2008.

Goodwill at December 31 is summarized as follows:

	2008	2007
Goodwill - beginning of year	$ 57,622	$ 57,622
Goodwill acquired	4,757	-
Goodwill impairment	(15,359)	-
Goodwill - end of year	$ 47,020	$ 57,622

10. Inventories

Inventories consist of raw materials, work in process and finished goods. Inventories are stated at the lower of cost or market. Costs are based on standard cost to produce finished goods inventory which approximates actual cost using the first-in, first-out (FIFO) method. Costs to produce inventory consist of materials, labor and factory overhead.

11. Property and Equipment

Property and equipment are depreciated over the estimated useful life of each asset. Buildings are depreciated for ten years. Machinery and equipment are depreciated over three to five years. Depreciation expense recognized in cost of goods sold was $2,179 and $873 for the year ended December 31, 2008 and the period from inception (April 5, 2007) to December 31, 2007.

12. Product Warranties

The Company provides limited warranties on certain of its products for periods ranging from one to two years. The Company records an accrued liability and expense for estimated future warranty claims based upon historical experience and management's estimate of the level of expected future claims. Changes in the estimated amounts recognized in prior years are recorded as an adjustment to the accrued liability and expense in the current year.

13. Income Taxes

Deferred tax assets and liabilities are recognized for the tax effects of differences between the financial statement and tax bases of assets and liabilities. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized. The Company files consolidated income tax returns with its subsidiaries.

14. Revenue Recognition

Revenue from the sale of the Company's products is recognized as products are shipped to customers and the customer takes ownership of goods and assumes risk of loss.

15. Self-Insurance

The Company has elected to self-insure certain costs related to workers' compensation and employee health. The Company has purchased insurance that limits its exposure for individual claims and that limits its aggregate exposure to $1,000 and $1,632, respectively.

16. Derivative Financial Instruments

The Company accounts for derivative financial instruments in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended (SFAS No. 133). SFAS No. 133 requires that an entity recognize all derivatives, as defined, as either assets or liabilities measured at fair value. If the derivative is designated as a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or recognized as a component of comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings.

The Company uses derivative instruments to manage its exposure to cash flow risk from changes in interest rates and does not hold or issue derivative instruments for speculative or trading purposes.

17. Fair Values of Financial Instruments

The Company has short-term financial instruments other than cash and cash equivalents consisting of accounts receivable, accounts payable, accrued liabilities and debt obligations. The fair value of these financial instruments approximates their carrying amount.

The Company accounts for its interest rate swaps at fair value. The fair value of derivative financial instruments is determined utilizing pricing models for significantly similar instruments. The models use a variety of techniques to arrive at fair value, including quotes and pricing analysis. Inputs to the pricing models include publicly available prices and forward curves generated from a compilation of data gathered from third parties.

The Company adopted SFAS No. 157 effective January 1, 2008 for financial assets and liabilities measured on a recurring basis. SFAS No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS No. 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

(dollars in thousands)

Level 1 Quoted market prices in active markets for identical assets or liabilities.

Level 2 Inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.

Level 3 Unobservable inputs that are supported by little or no market activity.

As required by SFAS 157, when the inputs used to measure fair value fall within different levels of the hierarchy in a liquid environment, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company conducts a review of fair value hierarchy classifications on an annual basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities.

The following presents the Company's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis at December 31, 2008. These items are included in "derivative liability" on the consolidated balance sheets.

	Level 1	Level 2	Level 3
Interest rate swaps	$ -	$ 2,789	$ -

18. Advertising Costs

All advertising costs of the Company are expensed as incurred. Advertising expenses totaled approximately $914 and $193 for December 31, 2008 and for the period from inception (April 5, 2007) through December 31, 2007, respectively.

19. Recent Accounting Pronouncements

In 2006 the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109* ("FIN 48"). On February 1, 2008, the FASB issued FASB Staff Position ("FSP") FIN 48-2, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises* ("FIN 48-2"). The FSP defers the effective date of FIN 48, for certain nonpublic enterprises to the enterprise's annual financial statements for fiscal years beginning after December 15, 2008. The Company has not yet determined the effect, if any, the adoption of FIN 48 will have on the Company's financial position or results of its operations.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, *Noncontrolling Interests in Consolidated Financial Statements* ("SFAS No. 160"). SFAS No. 160 re-characterizes minority interests in consolidated subsidiaries as non-controlling interests and requires the classification of minority

interests as a component of equity. Under SFAS No. 160, a change in control will be measured at fair value, with any gain or loss recognized in earnings. The effective date for SFAS No. 160 is for annual periods beginning on or after December 15, 2008. Early adoption and retroactive application of SFAS No. 160 to fiscal years preceding the effective date are not permitted. The Company does not expect this to have a material impact on the Company's financial condition, results of operations or cash flow.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141(R), *Business Combinations* ("SFAS No. 141(R)"). SFAS No. 141(R) expands the definition of transactions and events that qualify as business combinations; requires that the acquired assets and liabilities, including contingencies, be recorded at the fair value determined on the acquisition date and changes thereafter reflected in earnings, not goodwill; changes the recognition timing for restructuring costs; and requires acquisition costs to be expensed as incurred. Adoption of SFAS No. 141(R) is required for combinations occurring in fiscal years beginning after December 15, 2008. Early adoption and retroactive application of SFAS 141(R) to fiscal years preceding the effective date are not permitted. The Company does not expect this to have a material impact on the Company's financial condition, results of operations or cash flow.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands the related disclosure requirements. This statement applies under other accounting pronouncements that require or permit fair value measurements. On February 6, 2008, the FASB deferred the effective date of SFAS No. 157 until January 1, 2009 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and was adopted by the Company on January 1, 2008. The adoption of SFAS No. 157 did not have a material impact on the Company's financial condition, results of operations, or cash flow.

20. Reclassifications

Certain reclassifications have been made to the 2007 financial statements to conform to the 2008 presentation. Such reclassifications did not impact net income.

Ramsey Industries, Inc. and Subsidiaries

Notes to consolidated financial statements - continued

For the year ended December 31, 2008
and the period from inception (April 5, 2007) to December 31, 2007

(dollars in thousands)

B - DEBT

At December 31, 2008 and 2007, the Company's debt consists of the following:

	2008	2007
Senior term loans, which require quarterly payments of $148 through December 31, 2012, quarterly interest payments at prime plus 3.25% (6.5% at December 31, 2008) or LIBOR plus 4.25% (6.6% at December 31, 2008), matures April 5, 2013 and are collateralized by all of the Company's assets. Additionally, the Company has availability under a $10,000 revolver loan which matures on April 5, 2012. There was $3,000 and $0 balance outstanding on the revolver loan at December 31, 2008 and 2007. In 2008, the Company amended existing senior term loans increasing the aggregate principle amount by $13,800. The notes mature on October 5, 2013 and bear interest at prime plus 3.25% (6.5% at December 31, 2008) or LIBOR plus 4.25% (6.6% at December 31, 2008).	$ 68,446	$ 58,558
Subordinated debt, which requires quarterly interest payments at 15% and paid-in-kind interest at 2.5%, which is added to the principle and is due at maturity April 4, 2014.	23,314	18,844
Various	53	270
	91,813	77,672
Less current maturities	(564)	(852)
	$ 91,249	$ 76,820

Aggregate annual maturities of long-term debt at December 31, 2008 are:

2009	$ 564
2010	591
2011	577
2012	3,578
2013	63,189
Thereafter	23,314
	$ 91,813

(dollars in thousands)

The Company capitalized debt issuance costs of $2,074 related to the financing of the acquisition on April 5, 2007. Additional fees of $751 were capitalized related to the acquisition in January 2008. These costs are amortized to interest expense over the term of the related debt using the effective interest method. The Company recognized $110 and $123 of interest expense for the year ended December 31, 2008 and for the period from inception (April 5, 2007) through December 31, 2007, respectively.

The Company's credit facilities contain several financial covenants common in such agreements including limitations on capital spending, limitations on the amount of funded debt to EBITDA, and debt service coverage requirements. The Company was in compliance, or has obtained waivers, with all financial covenant ratios throughout the reporting period.

To manage interest rate risk, on June 21, 2007 and February 1, 2008, the Company entered into interest rate swap contracts to hedge a portion of its future variable rate interest costs. The contracts fix the borrowing rate on a portion of the floating rate debt to provide an economic hedge against rising interest rates. At December 31, 2008, the interest rate swaps had a total notional value of $30,000 and $28,000, respectively, and fair values of $1,848 and $941 net liability positions. The agreements are effective until 2010 and 2011, respectively. These agreements have been designated as hedges for accounting purposes in accordance with the provisions of SFAS No. 133, as amended.

The change in the fair value of the Company's swap agreements for the year ended December 31, 2008, and the period from inception (April 5, 2007) to December 31, 2007, was a decrease of $3,501 and $1,196, respectively, and is reflected as accumulated other comprehensive loss, net of tax in the consolidated balance sheets. The net cash interest expense from the interest rate swaps was $712 and $25 for the year ended December 31, 2008 and the period from inception (April 5, 2007) through December 31, 2007, respectively, and are included in the consolidated statements of income as an adjustment to interest expense. The tax effect of the change in fair value of the Company's interest rate swaps and the reclassification of earnings during the year ended December 31, 2008, was $1,060 and $271, respectively. The tax effect of the change in fair value and the reclassifications of earnings during the period ended from inception (April 5, 2007) through December 31, 2007, was $445 and $10, respectively. There was no hedge ineffectiveness during 2008 or 2007.

C - INCOME TAXES

The (benefit) provision for income taxes includes these components:

		2008		2007
Current provision	$	1,220	$	1,834
Deferred benefit		(2,302)		(1,235)
Income tax (benefit) expense	$	(1,082)	$	599

Ramsey Industries, Inc. and Subsidiaries

Notes to consolidated financial statements - continued

For the year ended December 31, 2008
and the period from inception (April 5, 2007) to December 31, 2007

(dollars in thousands)

A reconciliation of income tax (benefit) expense at the statutory rate to the Company's actual income tax (benefit) expense is shown below:

		2008		2007
Computed at the statutory rate	$	(6,143)	$	662
Nondeductible goodwill impairment		5,222		-
Increase (decrease) resulting from:				
Nondeductible expenses		28		19
State income taxes		(93)		68
Qualified domestic product deduction		(64)		(115)
Federal tax credits		8		(35)
Other		(40)		-
Income tax (benefit) expense	$	(1,082)	$	599

The tax effects of temporary differences related to deferred taxes shown on the balance sheets were:

		2008		2007
Deferred tax assets				
Allowance for doubtful accounts	$	117	$	57
Inventory overhead costs capitalized for tax purposes		86		60
Accrued compensated absences		414		234
Warranty reserves		259		279
Pension minimum liability		753		802
Deferred compensation plan		774		940
Unrealized hedges and other		3,388		496
		5,791		2,868
Deferred tax liabilities				
Intangibles		(19,305)		(20,753)
Depreciation		(1,633)		(2,153)
Prepaid insurance		(80)		(102)
		(21,018)		(23,008)
Net deferred tax liability	$	(15,227)	$	(20,140)

The above net deferred tax liabilities are presented on the balance sheets as follows:

		2008		2007
Deferred tax asset - current, net	$	2,323	$	934
Deferred tax liability - long-term, net		(17,550)		(21,074)
Net deferred tax liability	$	(15,227)	$	(20,140)

Ramsey Industries, Inc. and Subsidiaries

Notes to consolidated financial statements - continued

For the year ended December 31, 2008
and the period from inception (April 5, 2007) to December 31, 2007

(dollars in thousands)

D - PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

1. Pension Plans

The Company has two noncontributory defined benefit pension plans. The plans are no longer open to new participants and no new benefits will be accrued. The Company's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amount as the Company may determine to be appropriate from time to time. The Company did not make any contributions to the plans in 2008 and does not anticipate making any contributions in 2009.

The Company follows the provisions of SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans*, which requires an employer to currently recognize the funded status of defined benefit plans, the difference between the fair value of plan assets and the projected benefit obligation on the employers' balance sheet. Additionally, the statement has eliminated the current measurement option and requires the measurement date to be as of the balance sheet date for fiscal years ending after December 15, 2008.

The Company used December 31, 2008 as the measurement date for the plans. Significant balances, costs and assumptions are as follows:

	Ramsey Winch	Auto Crane
Benefit obligation	$ (11,280)	$ (4,812)
Fair value of plan assets	7,575	3,080
Funded status	$ (3,705)	$ (1,732)

	Ramsey Winch	Auto Crane
Amounts recognized in the balance sheets:		
Accrued benefit cost in other liabilities	$ (3,705)	$ (1,732)
Accumulated other comprehensive income (loss), net of tax	$ (1,924)	$ (835)
Benefit costs	$ 682	$ 283
Benefits paid	$ 638	$ 125

Components of Net Periodic Benefit Cost

	Ramsey Winch	Auto Crane
Interest cost	$ 682	$ 283
Expected return on plan assets	(855)	(340)
Net periodic pension income	$ (173)	$ (57)

Ramsey Industries, Inc. and Subsidiaries

Notes to consolidated financial statements - continued

For the year ended December 31, 2008
and the period from inception (April 5, 2007) to December 31, 2007

(dollars in thousands)

	Ramsey Winch	Auto Crane
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	6.15%	6.15%
Rate of compensation increase	0.00%	0.00%
Weighted-average assumptions used to determine benefit cost:		
Discount rate	6.50%	6.50%
Expected return on plan assets	8.35%	8.35%
Rate of compensation increase	0.00%	0.00%

The Company has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

The following approximate pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of December 31:

	Ramsey Winch	Auto Crane
2009	$ 635	$ 153
2010	678	183
2011	682	198
2012	724	214
2013	747	238
2014 - 2018	3,922	1,385

Plan assets are held by a bank-administered trust fund, which invests the plan assets in accordance with the provisions of the plan agreement. The plan invests primarily in common stocks and U.S. government securities.

Asset allocation is primarily based on a strategy to provide stable earnings while still permitting the pension plan to recognize potentially higher returns through investment in equity securities. The target asset allocation percentages for 2008 are as follows:

	Ramsey Winch	Auto Crane
Cash equivalents	5%	5%
Equity securities	65%	65%
U.S. government debt securities and commercial paper	30%	30%

Ramsey Industries, Inc. and Subsidiaries

Notes to consolidated financial statements - continued

For the year ended December 31, 2008
and the period from inception (April 5, 2007) to December 31, 2007

(dollars in thousands)

At December 31, 2008 plan assets by category are as follows:

	Ramsey Winch	Auto Crane
Cash equivalents	1%	1%
Equity securities	69%	69%
U.S. government debt securities and commercial paper	30%	30%
	100%	100%

As of December 31, 2007, significant balances, costs and assumptions were as follows:

	Ramsey Winch	Auto Crane
Benefit obligation	$ (10,723)	$ (4,276)
Fair value of plan assets	10,550	4,137
Funded status	$ (173)	$ (139)

	Ramsey Winch	Auto Crane
Amounts recognized in the balance sheets:		
Accrued benefit cost in other liabilities	$ (173)	$ (139)
Accumulated other comprehensive income (net of income taxes)	$ (374)	$ (188)
Benefit costs	$ 502	$ 202
Benefits paid	$ 402	$ 74

Components of Net Periodic Benefit Cost

	Ramsey Winch	Auto Crane
Interest cost	$ 502	$ 202
Expected return on plan assets	(614)	(240)
Net periodic pension income	$ (112)	$ (38)

Ramsey Industries, Inc. and Subsidiaries

Notes to consolidated financial statements - continued

For the year ended December 31, 2008
and the period from inception (April 5, 2007) to December 31, 2007

(dollars in thousands)

	Ramsey Winch	Auto Crane
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	6.50%	6.50%
Rate of compensation increase	0.00%	0.00%
Weighted-average assumptions used to determine benefit cost:		
Discount rate	6.25%	6.25%
Expected return on plan assets	8.35%	8.35%
Rate of compensation increase	0.00%	0.00%

The Company has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

Plan assets are held by a bank-administered trust fund, which invests the plan assets in accordance with the provisions of the plan agreement. The plan invests primarily in common stocks and U.S. government securities.

Asset allocation is primarily based on a strategy to provide stable earnings while still permitting the pension plan to recognize potentially higher returns through investment in equity securities. The target asset allocation percentages for 2007 are as follows:

	Ramsey Winch	Auto Crane
Cash equivalents	5%	5%
Equity securities	65%	65%
U.S. government debt securities and commercial paper	30%	30%

At December 31, 2007 plan assets by category are as follows:

	Ramsey Winch	Auto Crane
Cash equivalents	6%	1%
Equity securities	68%	69%
U.S. government debt securities and commercial paper	26%	30%
	100%	100%

2. Postretirement Health Care Plan

The Company provides postretirement health care benefits to four retired employees and their spouses. The Company provides health care coverage under the plan which also reimburses these retirees for out-of-pocket expenses. The Company pays amounts to the plan as needed.